

DATE: May 11, 2017

SUBJECT: Tuition and Fee Ranges **(REVISED)**

ACTION RECOMMENDED: Approval

BACKGROUND INFORMATION

Since 2010, the Complete College Tennessee Act has required the Commission to make student fee and state appropriation recommendations concurrently. Numerous factors impacted the tuition recommendation, including affordability and financial aid, the income profile of students attending Tennessee public institutions, and institutional revenues and cost inflation. The FOCUS Act expanded THEC's authority on student fee levels, requiring that the Commission issue binding tuition ranges each year. These ranges apply only to resident, undergraduate students on the tuition (maintenance fee) rate, as well as the total maintenance and mandatory fee charge.

TENNESSEE'S TUITION AND FEE PROFILE

Average full-time, annual tuition and mandatory fees for 2016-17 is **\$8,987** at public universities, \$4,224 at community colleges, and \$3,647 at the Tennessee Colleges of Applied Technology (TCATs). Tennessee's public higher education tuition and fee levels are considered average compared to peers across the states in the Southern Regional Education Board. Over the last five years, tuition and mandatory fees have increased an average of four to five percent across the sectors, while state appropriations have increased an average of nearly four percent per year.

Tennessee's financial aid resources are among the highest in the U.S., according to data provided by the National Association of State Student Grant Aid Programs (NASSGAP). Tennessee had the fifth largest financial aid program in the nation and the fourth largest per capita. Funding for the lottery scholarship and the Tennessee Student Assistance Award comprise the majority of financial aid. In part due to these funding levels, Tennessee college graduates had the 14th lowest debt level in the nation, according to data published by the Institute for College Access & Success. It should be noted, however, that no data are available for debt among students who do

not graduate. With the introduction of Tennessee Promise in the fall of 2015, Tennessee saw a reduction in the number of student loan originations, suggesting that the relative debt level of Tennessee students to our state peers may continue to decrease in the coming years.

RECOMMENDATION

At the November 2016 Commission meeting, the Commission approved a tuition and fee guidance range of zero to four percent, incorporating a budget increase request of \$48 million in new state funds.

Taking into account the Governor's budget recommendation for formula units of \$55.1 million (inclusive of increases for outcomes productivity and a partially-funded three percent salary pool), THEC staff maintain the initial recommendation of a tuition binding range of zero to four percent at universities, community colleges, and TCATs and a combined total tuition and mandatory fees binding range of zero to four percent at universities, community colleges, and TCATs. Scenarios for minimum and maximum tuition and mandatory fee increases for 2017-18 are presented and summarized in Attachment I for each university and community college, as well as the TCAT system.

Attachment II details the comparison of 2016-17 tuition and mandatory fee rates with the maximum allowed increase (i.e., four percent) for each university and community college, as well as the TCAT system. Currently, the average full-time, annual tuition and mandatory fees for 2016-17 is **\$8,987** at public universities, \$4,224 at community colleges, and \$3,647 at TCATs. If each of these institutions increased maintenance and mandatory fees by four percent (the maximum allowed), the average full-time, annual tuition and mandatory fees for 2017-18 would be **\$9,347** at public universities, \$4,393 at community colleges, and \$3,793 at TCATs—increases of **\$359**, \$169, and \$146, respectively.

Note: Revisions to this coversheet and attachments are due to a change in reporting of Middle Tennessee State University's Student Government Association (SGA) fee and a re-weighting of the university average for institutions with differentiated tuition levels.